

# UNNUMBERED LETTERS ISSUED FOR THE MONTH OF AUGUST 2002

Dated	Subject	Distribution
08-01-02	Fiscal Year (FY) 2002 Year-End Lump Sum and Severance Pay Projections	S/D
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August 1, 2002

SUBJECT: Fiscal Year (FY) 2002 Year-End Lump Sum and Severance Pay  
Projections

TO: Rural Development State Directors

ATTN: Administrative Program Directors

This memorandum is to request that the States review anticipated/planned separations (retirements, resignations, etc.) expected during September 2002, and calculate projected costs for lump sum annual leave and severance pay.

Please submit projected costs in the following format, so that allotment advices can be prepared to adjust FY 2002 allotments prior to the end of the fiscal year.

**FY 2002 YEAR-END PROJECTIONS  
LUMP SUM ANNUAL LEAVE &  
SEVERANCE PAY**

STATE	SEPTEMBER LUMP SUM PROJECTION (BOC 1183)	SEPTEMBER SEVERANCE PAY PROJECTION (BOC 1301)
Alabama	1,000	2,000

If you have any questions regarding this request, please contact Sylvia Booth at (202) 692-0127; e-mail: <mailto:sbooth@rdasun2.rurdev.usda.gov>. Fax your response no later than **September 13, 2002**, to (202) 692-0126 or (202) 358-5011.

*(Signed by Deborah B. Lawrence)*

DEBORAH B. LAWRENCE  
Acting Director  
Budget Division

EXPIRATION DATE:  
September 30, 2002

FILING INSTRUCTIONS:  
Administrative/Other Programs

Sent by electronic mail on 08/7/02 at 10:50am EST by BU.

August 6, 2002

SUBJECT: Rural Economic Development Loan and Grant Program

TO: State Directors, Rural Development

ATTN: Business Programs Directors

Currently, when a funding request is submitted under the Rural Economic Development Loan and Grant (REDLG) Program, a review of the project evaluation is performed by the Rural Business-Cooperative Service (RBS) National Office. This review ensures that the project is adequately analyzed in accordance with the selection criteria contained in 7 CFR Part 1703, Subpart B, and priority points are awarded based on the extent of the written analysis provided by the State Office. The National Office review also ensures that points are awarded only where written documentation or mathematical calculations are presented that sufficiently justifies the assigned points. Scoring adjustments are made in those instances where written analysis does not contain convincing evidence or indepth justification addressing the selection factor, written justification is entirely omitted, or mathematical computations are erroneously calculated. After National Office review, a memorandum is returned to the State Office providing the project score along with a copy of the project evaluation that may contain comments by the National Office if the project score was adjusted.

The purpose of this unnumbered letter is to remind the State Office to file the National Office review memorandum and project evaluation in the REDLG case file in position No. 3. This filing ensures that the project evaluation is available for use by staff members of RBS, the Office of Inspector General, or other interested parties that may be conducting reviews or assessments of the REDLG program.

For State Office reference, a guide is attached to this unnumbered letter that outlines the scoring criteria contained in the regulation. This guide captures some of the primary areas that require increased consideration and emphasis by the State Office when documenting the evaluation of REDLG applications.

EXPIRATION DATE:  
Discard when no longer needed.

FILING INSTRUCTIONS:  
Community/Business Programs

If you have any questions concerning this memorandum or the attached reference guide, please contact Patricia Wing, Loan Specialist, Specialty Lenders Division Processing Branch, (202) 720-9558.

*(Signed by Pandor Hadjy) for*

WILLIAM F. HAGY III  
Deputy Administrator  
Business Programs  
Rural Business-Cooperative Service

Attachment

**Rural Economic Development Loan and Grant Program**  
**7 CFR Part 1703, Subpart B**

Pursuant to the governing regulation, the Administrator will only consider for selection those applications that request funds for eligible purposes as set forth in section 1703.17. Applications that request less than 5 percent of the total project costs as provided in section 1703.25 are ranked separately, subject to section 1703.46(j).

After reviewing an application, the Administrator may decline to select an application that would result in a conflict of interest or the appearance of a conflict of interest.

The Administrator will not select applications requesting funds for projects that in the Administrator's best judgment have a **low** probability of:

- (i) Being a viable business or operation;
- (ii) Being successful as measured by long-term job creation or retention; and
- (iii) Producing long-term economic development in rural areas.

The Administrator's determination will be based on the ultimate recipient's feasibility studies, income statements, cash flow statements, existing and projected balance sheets, market research, job creation potential, industry trends, and current economic conditions given the nature of the project. Long-term job creation and economic development in rural areas will mean jobs or economic development that would generally be expected to last at least 5 years.

Further, the Administrator will not award points under the selection factors for applications that:

- (i) Involve the purchase of land that will not be developed or used as a site for the project structure during the current phase of the project.
- (ii) Will be used for residential purposes or entertainment purposes at the residential level, such as residential dwellings and land sites, facilities to provide entertainment television, or personal, non-business related vehicles.
- (iii) Will be used primarily to finance the purchase of an established business or operation rather than for economic development in rural areas or job creation purposes.
- (iv) Will be used primarily to transfer property or real estate between owners without making any improvements or additions that will promote economic development in rural areas or job creation.

Pursuant to section 1703.46, all applications will be analyzed, evaluated, documented, and scored based on selection factors listed in section 1703.35. Written analysis that supports the assigned score will be provided for each factor. Major selection factors include:

1. *Nature of the Project*  
*Job Creation*  
*Long-Term Improvements in Economic Development*  
*Diversification and/or Alleviation of Underemployment*

**These 4 factors are subjective in nature. Points should only be awarded based on the extent of convincing evidence and justification provided in the application.** The points awarded should reflect the State Office's **analysis and evaluation.**

Nature of the Project

(Maximum 50 points).

This factor assesses the impact of the project, both from a job creation and economic standpoint, on the rural community. Consideration should be given to the sustainability of the project (whether the project is a new business startup with an unknown market and higher probability of failure as compared to the expansion of an existing business with greater degree of stability). Consideration should be given to whether a project is classified as a community enhancement project such as a fire station, infrastructure necessary for successful businesses, or community projects that meet the needs of the rural community. Consideration should be given to whether the project will provide technical assistance to rural businesses or rural residents, train or educate rural residents, promote economic development in rural areas, provide medical care to rural residents, and succeed as envisioned in the application.

Job Creation

(Maximum 25 points).

Consideration is given to the extent to which the project will directly lead to the creation of new jobs given the size of the project and the amount of REDLG funding requested. Projects that provide financing directly to a business, and thus will directly promote job creation, should be awarded a higher number of points, dependent on the type or classification of job. For example, a higher number of points should be awarded for jobs providing skilled training to employees as compared to a job that requires no skill level. When awarding points for industrial parks and infrastructure type projects that will indirectly lead to job creation, consideration will be given to the nature and extent of written commitments provided by businesses or tenants to occupy or use the project. Where no verifiable commitments exist from businesses or tenants, only a minimum number of points should be awarded. Letters of interest should not be construed as letters of commitment.

Long-term Improvements in Economic Development (Maximum 25 points). Evaluation is based on the extent to which the project will improve the productive potential of the labor force, industrial plant, natural resources, and infrastructure necessary for economic development. Additional consideration should be given to projects that utilize advanced technology, create higher skilled occupations, create jobs with higher career potential or jobs that are considered to be part of a knowledge intensive industry, or projects that add value to natural resources.

Diversifying the Rural Economy or Alleviating Underemployment (Maximum 10 points). Consideration is given to financing new projects that move the dependency of the community away from the major source of employment currently in existence, and to creating higher skilled jobs for those rural residents that are presently underemployed (employed in positions utilizing less than existing skills). Points are to be assigned only to the extent the application contains convincing evidence pertaining to this factor.

*2. Location Factor* (Maximum 20 points)

Under this factor, 20 points can be awarded only to those projects (a) physically located in unincorporated areas or (b) physically located within the boundaries of an incorporated area having a population of less than 2,500. (Note: An incorporated area of 2,500 or more is considered “urban” under the Rural Electrification Act of 1936). Projects physically located **inside the boundaries of an incorporated area exceeding population of 2,500** should be awarded **0** points. Additionally, those projects located in non-rural areas **need to be justified based on benefits to rural residents and new jobs to be held by residents residing in rural areas**.

*3. Probability of Success Factor* (Maximum 60 points)

The Probability of Success Factor is evaluated and points assigned on the basis of the project’s management, prior experience, and the project’s existing financial position as well as long-term financial projections. These projections should be analyzed to make a determination as to the ultimate recipient’s sustainability and ability to repay the loan to the RUS Borrower. Long-range financial projections are needed for all projects and must be properly reviewed and evaluated for sufficiency, reasonableness, and viability.

#### 4. *Demonstration Project, Training Plan, Community Development Program Factors*

These selection factors require specific documentation from the project. If it is determined that the application does not contain this data, i.e., a written commitment from the business (not the RUS utility) committing to be a demonstration project, a written plan to provide employee training, or evidence that the project is a part of a community-based economic development program, then 0 points should be awarded. Points are to be awarded only where verifiable documentation is provided.

#### 5. *Economic Indicators*

Mathematical errors frequently occur for those factors requiring a mathematical computation, i.e., supplemental funds, unemployment rate comparison, per capital personal income comparison, change in population, and number of jobs created per \$100,000 of total project cost. The National Office corrects the computations and assigns an adjusted score where necessary. Economic factors (state and county unemployment rate, per capita personal income) should be noted on the project evaluation as to the source and date of the data. The most current economic data is to be used.

#### 6. *Special Economic Status*

(Maximum 25 points)

Points can be awarded only if the project meets the specific economic factors listed in the regulation, i.e., (i) designation of disaster area by the President of the United States during last 3-year period, (ii) project location in EC/EZ community or REAP Zone, (iii) 2 percent increase in area unemployment rate during latest 3-year period as a result of loss, removal, or closing of major source of employment, (iv) economic deterioration due to unemployment level equal to or greater than 1.5 times the National average unemployment percentage from 4 out of the last 5 years, or (v) 15 percent loss of population due to out-migration over the most recent 10-year census period. 5 points are assigned to each of the above-listed criteria.



August 6, 2002

SUBJECT: Equal Employment Opportunity Complaint  
Settlement Agreements

TO: National Office Officials and State Directors  
Rural Development

ATTN: Administrative Programs Directors and State  
Civil Rights Managers/Coordinators

The purpose of this memorandum is to address the process for executing Equal Employment Opportunity (EEO) settlement agreements when resolving complaints alleging employment discrimination.

We would like to commend those of you who have been successful in obtaining settlement agreements on EEO complaints during the informal or formal process before reaching the investigative stage. We encourage you to continue to pursue EEO complaint resolution agreements, which have resulted in appreciable cost savings for Rural Development. Also, in many cases, these resolution agreements have enhanced the working relationships between managers and employees.

In order for us to ensure that all EEO settlement agreements are both logical and practicable, we are requesting that you consult with the Rural Development Civil Rights Staff during the initial stages of the settlement agreement. You should contact the Civil Rights Staff Director, Cheryl Prejean Greaux, for advice and guidance on the terms of the agreement as well as ensuring appropriate language is used. Prior to final execution, the settlement agreement should clear through my office for a final review before signatures are obtained.

Ms. Prejean Greaux can be contacted at (202) 692-0204 or by FAX at (202) 692-0276. If you prefer to contact her by mail, please forward correspondence to: USDA, Rural Development, Civil Rights Staff, STOP 0703, 1400 Independence Avenue, SW, Washington, D.C. 20250-0703.

EXPIRATION DATE:  
July 31, 2003

FILING INSTRUCTIONS:  
Administrative/Other Programs

If you have any further questions regarding the processing of EEO settlement agreements, please feel free to contact me at (202) 692-0200.

*(Signed by Sherie Hinton Henry)*

SHERIE HINTON HENRY  
Deputy Administrator  
for Operations and Management

Sent by electronic mail on 08/07/02 at 11:15 a.m. EDT by the Office of the Deputy Administrator for Operations and Management. The State Directors and National Office Officials should advise other personnel as appropriate.

August 13, 2002

SUBJECT: Administrative Budget Teleconference

TO: Rural Development State Directors

ATTN: Administrative Programs Directors

This memorandum is to announce an administrative budget teleconference on **Tuesday, August 27, 2002, at 2 p.m. EDT**. All Administrative Programs Directors, budget staff, and FFIS users are urged to attend. To connect to the teleconference, please call the USDA Teleconference Center on 334-323-2708. The access code is 83084 followed by the pound (#) sign. A total of 65 lines have been made available for this call, so please maximize the number of employees calling from each location.

The purpose of the teleconference is to review FY 2002 FFIS yearend closing procedures and other administrative budget issues. All State personnel who perform work on administrative budgets and/or FFIS for your area are encouraged to participate. Information on yearend procedures will be distributed to you under separate cover prior to the teleconference. The agenda for the teleconference is currently being developed.

If you have specific questions or issues that you would like to have included on the agenda for discussion, please notify us as soon as possible so arrangements can be made to research and address them appropriately. General administrative budget issues may be sent to Sylvia Booth at [sbooth@rdasun2.rurdev.usda.gov](mailto:sbooth@rdasun2.rurdev.usda.gov). Issues relating to FFIS may be sent to the Fiscal Control Branch at [fcbl@stl.rural.usda.gov](mailto:fcbl@stl.rural.usda.gov).

*(Signed by Carla Szasz) for*

DEBORAH B. LAWRENCE  
Acting Director  
Budget Division

Sent by Electronic Mail on 08/13/02 at 2:03 p.m. by BD. State Directors should advise other personnel as appropriate.

EXPIRATION DATE:  
September 30, 2002

FILING INSTRUCTIONS:  
Administrative/Other Programs

August 13, 2002

SUBJECT: Administrative Budget Teleconference

TO: National Office Officials

This memorandum is to announce an administrative budget teleconference on **Wednesday, August 28, 2002, at 10 a.m. EDT**. The Teleconference Center in **Room 1605-S** has been reserved for use by employees in the South Building and the Whitten Building in Washington, DC. Only employees at other locations may dial into the teleconference by calling 202-401-8746. A total of 25 lines has been made available for this call, so please maximize the number of employees calling from each location.

The purpose of the teleconference is to review FY 2002 FFIS yearend closing procedures and other administrative budget issues. All National Office personnel who perform work on administrative budgets and/or FFIS for your area are encouraged to participate. Information on yearend procedures will be distributed to you under separate cover prior to the teleconference. The agenda for the teleconference is currently being developed.

If you have specific questions or issues that you would like to have included on the agenda for discussion, please notify us as soon as possible so arrangements can be made to research and address them appropriately. General administrative budget issues may be sent to Sylvia Booth at [sbooth@rdasun2.rurdev.usda.gov](mailto:sbooth@rdasun2.rurdev.usda.gov). Issues relating to FFIS may be sent to the Fiscal Control Branch at [fcbl@stl.rural.usda.gov](mailto:fcbl@stl.rural.usda.gov).

*(Signed by Carla Szasz) for*

DEBORAH B. LAWRENCE  
Acting Director  
Budget Division

Sent by Electronic Mail on 08/13/02 at 2:02 p.m. by BD.

EXPIRATION DATE:  
September 30, 2002

FILING INSTRUCTIONS:  
Administrative/Other Programs

August 19, 2002

SUBJECT: Fiscal Year 2002 Freedom of Information Act Report

TO: Rural Development State Directors

ATTN: Administrative Program Directors and  
Freedom of Information Act Coordinators

This is a reminder that the Freedom of Information Act (FOIA) Coordinators in each State Office will be responsible for submitting **one consolidated** Fiscal Year Rural Development FOIA report (see Attachment) covering the period from **October 1, 2001, to September 30, 2002**. This fiscal year FOIA report replaces the FOIA annual report shown in Section 2018.261 of RD Instruction 2018-F.

The Fiscal Year 2002 Rural Development FOIA Report is due to ***Dorothy Hinden***, Rural Development Freedom of Information Officer, USDA, 1400 Independence Avenue, SW, STOP 0742, Washington, DC 20250-0742, by **close of business Wednesday, October 30, 2002**. ***Negative responses are to be included, when appropriate.*** Please contact Dorothy Hinden on (202) 692-0031 with any questions. If you wish to fax the report, *Ms. Hinden's* fax number is (202) 692-0013; or if you wish to e-mail the report, her e-mail address is [dhinden@rdmail.rural.usda.gov](mailto:dhinden@rdmail.rural.usda.gov).

***(Signed by Sherie Hinton Henry)***

SHERIE HINTON HENRY  
Deputy Administrator  
for Operations and Management

Attachment

Sent by electronic mail on 08/20/02 at 9:00 AM.

EXPIRATION DATE:  
February 28, 2003

FILING INSTRUCTIONS:  
Administrative/Other Programs

## ATTACHMENT

Please report the following items for Rural Development:

- I. Name, title, address, and telephone number of persons(s) to be contacted with questions about the report
- II. Exemption 3 Statutes  
[Definition: a separate federal statute prohibiting the disclosure of a certain type of information and authorizing its withholding under 5 U.S.C. 552(b)(3).]
  - A. List of Exemption 3 statutes relied on by agency during current fiscal year.
    1. Brief description of types(s) of information withheld under each statute.
    2. Statement of whether a court has upheld the use of each statute. If so, then cite example.
- III. Initial FOIA/Privacy Act Access Requests  
[Definition: A FOIA request is generally a request for access to records concerning a third party, an organization, or a particular topic of interest. A Privacy Act request is a request for records concerning oneself; such requests are also treated as FOIA requests. All requests for access to records, regardless of which law is cited by the requester, are included in this report. If a requester refuses to pay an applicable FOIA fee, following is the Department of Justice's recommendation for how it should be reported on this FY 2002 FOIA report. Such a request should be counted as a **processed** request. However, we do not have to regard the request as having been **pending** during the entire time that it might take to reach the conclusion that the requester will not pay the anticipated fee. The FOIA request should be included in the **Disposition of Initial Requests** category of this report, but the **processing time** for that request should be from the date of your letter notifying the requester of the amount of fees; not the time spent waiting for the requester to pay the fee.]

- A. Number of initial requests.  
 [Total of the numbers in Lines 1 and 2, minus the number in Line 3, should equal the number in Line 4.]

1. Number of requests pending as of end of preceding fiscal year \_\_\_\_\_.
2. Number of requests received during current fiscal year \_\_\_\_\_.
3. Number of requests processed during current fiscal year \_\_\_\_\_.
4. Number of requests pending as of end of current fiscal year \_\_\_\_\_.  
 (Enter this number also in Line IV. B. 1.)

- B. Disposition of initial requests.  
 [Total of Lines 1, 2, 3, and 4 should equal the number of requests processed shown in Line III. A. 3.]

1. Number of total grants \_\_\_\_\_.
2. Number of partial grants \_\_\_\_\_.
3. Number of denials \_\_\_\_\_.

- a. Number of times each FOIA exemption used  
 (counting each exemption once per request).

- |      |                |       |
|------|----------------|-------|
| (1)  | Exemption 2    | _____ |
| (2)  | Exemption 3    | _____ |
| (3)  | Exemption 4    | _____ |
| (4)  | Exemption 5    | _____ |
| (5)  | Exemption 6    | _____ |
| (6)  | Exemption 7(A) | _____ |
| (7)  | Exemption 7(B) | _____ |
| (8)  | Exemption 7(C) | _____ |
| (9)  | Exemption 7(D) | _____ |
| (10) | Exemption 7(E) | _____ |
| (11) | Exemption 7(F) | _____ |

4. Other reasons for nondisclosure (total) \_\_\_\_\_.
- a. no records \_\_\_\_\_
- b. referred elsewhere (See **Note**) \_\_\_\_\_
- c. request withdrawn \_\_\_\_\_
- d. fee-related reason \_\_\_\_\_
- e. records not reasonably described \_\_\_\_\_
- f. not a proper FOIA request for some other reason \_\_\_\_\_
- g. not an agency record \_\_\_\_\_
- h. duplicate request \_\_\_\_\_
- i. other (specify) \_\_\_\_\_

(**Note:** Do not count requests referred within Rural Development in this category; it pertains only to requests that are referred outside Rural Development)

#### IV. Compliance with Time Limits/Status of Pending Requests

- A. Median processing time for requests processed during the year. [Example for calculation of median: Given 7 requests completed during the fiscal year, aged 10, 25, 35, 65, 75, 80 and 400 days from the date you received the “perfected” request (Definition: Perfected Request -- a FOIA request for records which adequately describes the records sought, which has been received by the FOIA office of the agency or agency component in possession of the records, and for which there is no remaining question about the payment of applicable fees) to its date of completion, the total number of requests completed during the fiscal year would be 7 and the median age of the completed requests would be 65 days.]

1. Completed Requests.
  - a. Number of requests processed \_\_\_\_\_.
  - b. Median number of days to process \_\_\_\_\_.



2. Requests accorded expedited processing. [Definition: Expedited processing -- an agency will process a FOIA request on an expedited basis when a requester has shown an exceptional need or urgency for the records which warrants prioritization of his or her request over other requests that were made earlier.]

- a. Number of requests processed \_\_\_\_\_.
- b. Median number of days to process \_\_\_\_\_.

B. Status of pending request.

1. Number of requests pending as of end of current fiscal year \_\_\_\_\_. (Enter this number from Line III. A. 4.)
2. Median number of days that such requests were pending as of that date \_\_\_\_\_.  
[Example for calculation of median: If there were 6 pending cases aged 10, 20, 30, 50, 120, and 200 days from the date you received the “perfected” request (Definition: Perfected request -- a FOIA request for records which adequately describes the records sought, which has been received by the FOIA office of the agency or agency component in possession of the records, and for which there is no remaining question about the payment of applicable fees) to date of completion, the total number of requests completed would be 6 and the median age would be 40 days (the average of the 2 middle numbers). Definition of average number: The number obtained by dividing the sum of a group of numbers by the quantity of numbers in the groups. For example, of 3, 7, and 14, the average is 8.]

**ATTN:**        **Rural Development FOIA Coordinators** – When you are ready to begin section V. COST/FOIA STAFFING, please see the formulas on pages 6 and 7 of this attachment.

V.      Costs/FOIA Staffing

A.      Staffing levels.

1.      Number of full-time FOIA personnel \_\_\_\_.
2.      Number of personnel with part-time or occasional FOIA duties (in total work-years) \_\_\_\_.
3.      Total number of personnel (in work-years) \_\_\_\_.

B.      Total costs (including staff and all resources).

1.      FOIA processing \_\_\_\_.  
[This would include cost of postage, envelopes, letterhead, photocopy paper, and supplies, hours spent on FOIA (professional) for FY 2002 x hourly rate of professional = \$\_\_\_\_; hours spent on FOIA (clerical) for FY 2002 x hourly rate of clerical = \$\_\_\_\_.]
2.      Litigation -- related activities (estimate) \_\_\_\_.  
[This would include cost of postage, envelopes, letterhead, photocopy paper, and supplies, hours spent on FOIA (professional) for FY 2002 x hourly rate of professional = \$\_\_\_\_; hours spent on FOIA (clerical) for FY 2002 x hourly rate of clerical = \$\_\_\_\_.]
3.      Total costs: \$ \_\_\_\_.

VI.     Fees

[Definition: This includes charges for search, review, document duplication at \$.20 per page, and any other direct costs permitted under agency regulations.]

A.    Total amount of fees collected by Rural Development for processing requests \_\_\_\_.

B.      Percentage of total costs \_\_\_\_.

## FORMULA FOR V. COST/FOIA STAFFING

### A. STAFFING LEVELS

2. NUMBER OF PERSONNEL WITH PART-TIME OR OCCASIONAL FOIA DUTIES (IN TOTAL WORK YEARS)\_\_\_\_\_.

**STEP 1.** To complete Line 2, the field offices will have to determine, and then total, the individual work-year percentages for employees working on FOIA matters only part time. Please choose from 1% to 99%.

**EXAMPLE:** The Washington State Office has three employees working on FOIA matters only part time.

**STEP 2. EXAMPLE:** The first Washington State Office employee devoted an estimated 10% of his time to the FOIA, the second employee 30% of her time, and the third employee 15% of her time.

**STEP 3. EXAMPLE:** Add 10%, 30%, and 15% shown in **Step 2** which totals 55% of a work-year. So for Line 2, the Washington State Office would enter **.55 work-year**. The Washington State Office's entry for Line 3 would be the same as shown in Line 2.

Line 1. **Number of full-time FOIA personnel** under **A. Staffing levels** will be completed by the Rural Development FOIA National Office.

## FORMULA FOR V. COSTS/FOIA STAFFING

### B. TOTAL COSTS (INCLUDING STAFF AND ALL RESOURCES)

1. FOIA PROCESSING \_\_\_\_\_.

**STEP 1. EXAMPLE FOR STAFFING COSTS:** The Washington State Office's employee who worked 10% of a work-year is a GS-7, Step 1 = \$29,966. Multiply \$29,966 times .10 equals \$2,997 (rounded off).

The employee who worked 30% of a work-year is a GS-4, Step 3 = \$23,065. Multiply \$23,065 times .30 equals \$6,920 (rounded off). And the employee who worked 15% of a work-year is a GS-13, Step 5 = \$60,242. Multiply \$60,242 times .15 equals \$9,036. Add \$2,997, \$6,920, and \$9,036 = \$18,953. For Line 1 FOIA PROCESSING enter \$18,953 for staffing costs.

**STEP 2.** Also, include an **estimated** cost for the use of supplies, long distance calls, postage, duplication of photocopies at \$.20 per page, use of the photocopier machine, and the use of your computer in processing your FOIA requests for the Fiscal Year.

August 21, 2002

SUBJECT: Fiscal Year 2002 Recommendations for Monetary Awards

TO: National Office Officials

The Budget Division has advised that Fiscal Year (FY) 2002 award funds that are to be credited to this FY must be committed in the Foundation Financial Information System (FFIS) by September 20, 2002. Please ensure that the person or persons in your program areas who are responsible for FFIS input are aware of this information and commit your funds accordingly.

In order to allow sufficient time to review, approve, and process the large volume of awards typically received this time of year, award recommendations should be received in Human Resources (HR) **no later than September 6, 2002**. Award recommendations should be complete with written justifications and all necessary signatures for approval. A copy of the AD-287-2 or SCA-4130, as applicable, will be returned to each recommending official after Human Resources has approved the award recommendations. Certificates will be provided for cash awards of \$1000 or more, or time-off awards for 40 hours. **Please do not advise employees they have been recommended for an award until the AD-287-2 or SCA-4130 has been returned to you indicating approval in HR.**

It is important for managers and supervisors to consider all employees equally when recognizing employees for their efforts. It is important to reward employees for specific achievements that produce positive results. In addition to the monetary recognition of cash awards, non-monetary recognition such as time-off awards is also available for rewarding an employee for a job well done. Whether the award is monetary or non-monetary is less important than the act of recognizing an employee's accomplishments.

Please review the attached tables for guidance when submitting monetary and time-off awards.

EXPIRATION DATE:  
December 20, 2002

FILING INSTRUCTIONS:  
Administrative/Other Programs

In addition to the attached tables, the following reminders are also provided:

- Group Awards require a separate AD-287-2 or SCA-4130 for each employee.
- A separate AD-287-2 or SCA-4130 is required for each cash award and/or time-off award, even when the act or occurrence is for the same employee and using the same justification.
- Each organization is responsible for the taxes on Spot Awards. Please govern your budget to include the tax amount for each Spot Award.
- Recommendations for Quality Step Increases (QSI) or Performance Bonuses must be accompanied by a properly documented performance appraisal. Therefore, recommendations for QSI's or Performance Bonuses cannot be made until after the end of the employee's performance rating cycle.

Questions regarding this memo should be directed to Ms. Robyne Jackson in the Headquarters Personnel Services Branch. Ms. Jackson can be reached on (202) 692-0173.

***(Signed by Timothy J. Ryan)***

Assistant Administrator  
for Human Resources

Attachments

## Awards

Award Type	Award Range	Criteria/Information
<b>Spot</b>	\$500 or less (the agency pays the taxes on the award).	<ul style="list-style-type: none"> <li>• A spot award allows a supervisor to grant immediate monetary recognition for one-time contributions.</li> <li>• No employee may receive more than \$500 during a 12-month period for spot awards.</li> <li>• Documentation: Only the citation block stating accomplishment must be completed.</li> <li>• Approval: Recommending and approving official signatures required.</li> </ul>
<b>Extra Effort</b>	Up to \$10,000 See Non-measurable Benefit Scale	<ul style="list-style-type: none"> <li>• An extra effort award recognizes individuals or groups who make significant one-time contributions.</li> <li>• Documentation: Justification documenting accomplishments and reflecting value of benefit.</li> <li>• Approval: Recommending and approving official signatures required.</li> </ul>
<b>Lump Sum Performance Bonus</b>	Cannot exceed 10% of an employee's annual salary.  See Non-measurable Benefit Scale	<ul style="list-style-type: none"> <li>• A performance bonus is monetary recognition given to an employee for having performed well their normal day-to-day duties. Performance Bonuses are intended to recognize good performance throughout the rating cycle.</li> <li>• Only employees who have not received another QSI or lump-sum award in the last 52 weeks are eligible.</li> <li>• Documentation: If employee has a properly documented summary rating of Outstanding, no additional justification is required. If performance bonus is given to an employee whose summary rating is other than Outstanding, and the award amount exceeds \$500, a separate written justification is required.</li> <li>• Approval: Recommending and approving official signatures required.</li> </ul>
<b>Time Off</b>	1-40 hours See Non-measurable Benefit Scale	<ul style="list-style-type: none"> <li>• Non-monetary recognition is equally valued with monetary recognition.</li> <li>• An employee cannot be granted more than 40 hours for a single contribution and more than 80 hours in a leave year.</li> <li>• Documentation: For 1-10 hours the same as spot award; for more than 10 hours, justification documenting accomplishments and reflecting benefit.</li> <li>• Approval: For 1-10 hours, recommending official only. For more than 10 hours, recommending and approving official signatures required.</li> </ul>
<b>Quality Step Increase (QSI)</b>	An extra step increase	<ul style="list-style-type: none"> <li>• Employees must receive an Outstanding or Results Achieved performance rating.</li> <li>• Only employees who have not received another QSI or lump sum award in the last 52 weeks are eligible.</li> <li>• An employee who receives a QSI does not start a new waiting period for a regular within-grade increase. However, if the QSI puts the employee at the 4<sup>th</sup> or 7<sup>th</sup> step of his or her grade, the waiting period is extended by 52 weeks from the date of his or her last within grade increase.</li> <li>• Recommendations for QSI's must be submitted to Human Resources for review and processing no more than 60 days after the rating cycle ends.</li> <li>• Documentation: If employee has a properly documented summary rating of Outstanding, no additional justification is required.</li> <li>• Approval: Recommending and approving official signatures required.</li> </ul>

### Nonmeasurable Benefits Scale

Value of Benefits		Application	
	<b>Limited:</b> Impacts the public interest, or a specific small work unit to as large as a division or region.	<b>Broad:</b> Impacts the public interest or several regional areas or an entire agency.	<b>General:</b> Impacts the public interest, or more than one agency, or the entire Department.
<b>Small/Moderate</b>	\$50 - \$325	\$325 - \$650	\$650 - \$1300
<b>Moderate/Substantial</b>	\$325 - \$650	\$650 - \$1300	\$1300 - \$3150
<b>Substantial/Extended</b>	\$1000 - \$2500	\$2500 - \$5500	\$5500 - \$10,000

### Time-Off Awards

Value of the Employee's Contribution	Hours to be Awarded
<b>Small/Moderate</b> Contributions that helped to ease a backlog or completing a special project that benefitted primarily the employee's home office.	1 - 10 hours
<b>Moderate/Substantial</b> Contributions that helped an entire division, region, or other large geographic area.	11 - 40 hours

### Examples of the Value of Time-Off Awards

Grade/Step	Value of 1 hour	Value of 8 hours	Value of 40 hours
GS-7/5	\$17.05	\$136.40	\$682.00
GS-9/5	\$20.86	\$166.88	\$834.40
GS-11/5	\$25.23	\$201.84	\$1009.20
GS-12/5	\$30.24	\$241.92	\$1216.80
GS-13/5	\$35.96	\$287.68	\$1438.40



August 22, 2002

SUBJECT: Rural Development Administrative Notices

TO: State Directors  
National Office Officials

This memorandum is to reiterate the policy that currently exists for the use of Administrative Notices (ANs) and that can be found in RD Instructions 2006-A and 2006-D. ANs may be used to make temporary clarifications to existing Instructions and **are not to be** used for policy changes and **are not to be** reissued year after year. ANs that have reached their expiration date are removed from the Rural Development Instruction web site (<http://rdinit.usda.gov/regs>) and should be discarded or filed in the obsolete manual by the field, as they are no longer in effect and should not be referenced for any reason. The program areas should not be advising the field to use expired ANs as they are no longer a part of the current Instruction, and the field will not have access to them.

If an AN still contains valid information after its expiration date, it should be incorporated into the Instruction by the appropriate program office. ANs are given a life cycle of one year or less. This is to allow time for the writer to incorporate any continuing information that the AN is addressing into the Instruction. The program area can verify whether an AN has expired by viewing the report entitled, "ADMINISTRATIVE NOTICES EXPIRED, REPLACED, OR RESCINDED." This report is released every quarter on a Procedure Notice and can be found on the Rural Development Instruction web site at <http://rdinit.usda.gov/regs/an/exan.pdf>.

SHERIE HINTON HENRY  
Deputy Administrator  
for Operations and Management

Sent by e-mail on 08-27-02 at 7:37 a.m. by SSD

EXPIRATION DATE: August 31, 2003

FILING INSTRUCTIONS:  
Administrative/Other Programs

August 22, 2002

SUBJECT: Business and Industry Guaranteed Loan Program  
Write-down of Debt For An Existing Borrower

TO: State Directors, Rural Development

ATTN: Business Programs Directors

This is in response to recent concerns expressed regarding the Business and Industry (B&I) Guaranteed Loan Program policy on lender requests for the write-down of guaranteed loan debt for an existing borrower.

B&I Guaranteed Loan Program regulations are silent on writing down a loan and allowing the same principals to remain in control of the operation of the business. The policy has been not to allow the write-down of debt and leave the same principals in charge of the business.

The B&I Direct Loan Program does have regulations that allow for the write-down of debt, and, although the regulations do not cover the issue of leaving the same principals in charge, the policy of not allowing the write-down of debt while leaving the same principals in charge also applies to the B&I Direct Loan Program.

The Agency hereby reiterates its policy of not allowing debt write-down, while leaving the same principals in charge of the business. This policy applies to both the B&I Guaranteed and Direct Loan Programs. If any exception to this policy is to be made, it will be made at the National Office; State Offices do not have any authority to make an exception. State Offices requesting an exception to this policy must submit the following to the National Office: State Director's recommendation and discussion of the request, lender's recommendation, Modification or Administrative Action form, borrower's latest financial statements, and any other documentation you think appropriate to support the request.

The Agency remains concerned that modifying this policy might encourage write-down requests. The requirement to make quality, creditworthy loans is emphasized throughout the governing regulations. While we are obligated to recognize a bankruptcy court order where the judge has stipulated write-down as a requirement to make the business work

EXPIRATION DATE:  
August 31, 2003

FILING INSTRUCTIONS:  
Community/Business Programs

while leaving the same principals in place, it is usually a write-down of many creditors. Our policy, in the absence of a court order, helps to protect taxpayer dollars, promotes the idea of commitment to the business by its principals, and reinforces the principle that loans must be repaid.

In the future, we intend to specifically state this policy in the published regulations.

If you have questions on the information provided, please contact the B&I Division directly, (202) 690-4103.

*(Signed by John Rosso)*

JOHN ROSSO  
Administrator  
Rural Business-Cooperative Service

August 26, 2002

SUBJECT: Fiscal Year 2002 Year-end Closing Procedures for Obligating  
Administrative Expenses at the National Finance Center

TO: Rural Development State Directors  
Rural Development National Office Officials

ATTN: Administrative Program Directors

This memorandum covers the procedures for establishing obligations for administrative expenses under the Foundation Financial Information System (FFIS) prior to the end of fiscal year (FY) 2002. It is the responsibility of each office to complete their year-end estimates online in FFIS. In order to provide accurate year-end estimates as well as reporting valid obligations, it is imperative that you begin your FFIS review process immediately. This review process was explained to FFIS users in the FFIS Year-end Training and is provided below. **While performing the review process, keep in mind that all obligations must be processed by COB October 3, 2002.**

## **I. REVIEW SUSF**

- Review and process all rejected documents on SUSF
- Process all PRCH and TRAV rejects
- Delete any rejected user input documents

Note – The PRCH, PROP, PCMS and TRVL Feeder Systems will continue to process obligations through the nightly cycle of September 27, 2002. FFIS users must review and process all rejects by October 3, 2002.

## **II. REVIEW OPEN COMMITMENTS**

- Run Open Commitments Brio Report
- Review report for accuracy
- Cancel/Modify RQ's as needed

Note – Print your last Open Commitments Report on October 4, 2002. This report will be needed to provide year-end estimates.

EXPIRATION DATE:  
November 1, 2002

FILING INSTRUCTIONS:  
Administrative/Other Programs

### **III. REVIEW OPEN OBLIGATIONS**

- Run Open Obligations Brio Report
- Review report for accuracy
- Cancel/Modify MO's or TG's as needed
- Amend/Cancel purchase orders through PRCH
- Amend/Cancel Travel Authorizations through TRAV

Note - Run and Review your last Open Obligations Report on October 4, 2002, after accounting period 12/02 closes. This report will be needed to provide year-end estimates. Run your last Open Obligations Report on October 9, 2002, after accounting period 13/02 closes.

### **IV. REVIEW DETAILED TRANSACTION REGISTER**

- Run Detailed Transaction Register Brio Report
- Review report for accuracy
- Correct any discrepancies

Note – Run and review your last Detailed Transaction Register Report on October 4, 2002, after accounting period 12/02 closes.

### **V. SUBMIT TRANSFERS AND ADJUSTMENTS**

Provide all Transfers and Adjustments to the FCB by **September 20, 2002**.

### **VI. ESTABLISH YEAR-END ESTIMATES**

Upon completion of the FFIS review process, each office needs to establish their year-end estimates. Year-end estimates include all valid commitments from the Open Commitments Report and all obligations for PRCH, MPOL, FEDSTRIP, PCMS and TRVL not listed on the Open Obligations Report. Year-end estimates also include any cash awards approved within the last 5 days of the month and lump sum leave payments for all separations during September. Ensure that these obligations are not already recorded on the Detail Transaction Register and have not already been accounted for on the Open Commitments Report.

In order to process your year-end estimate, complete a YE transaction in FFIS. You can find instructions on completing a YE in the FFIS training manual under the “Yearend Training” tab. Year-end documents must be complete by COB Monday, October 7, 2002. **Remember** – NFC will generate estimates for salaries and benefits for employees on the payroll in pay period 16, FTSP, TELE, and UTVN.

On October 8, the Fiscal Control Branch (FCB) will review and accept each office's year-end estimates into FFIS. On October 9, the Budget Division and Finance Office will conduct a final, comprehensive review of the Status of Funds Reports for the mission area to ensure that no accounts are antideficient.

## **SALARIES AND BENEFITS**

Regular payroll costs are chargeable to the fiscal year in which the salary is earned. Lump sum payments are chargeable to the fiscal year in which the date of separation occurs, and cash awards are chargeable to the fiscal year in which the award is approved.

The National Finance Center (NFC) will use estimated payroll costs for Pay Period (PP) 19. Obligation estimates for PP 19 that occur in FY 2002 will be computed by NFC. The basis for these estimates will be 60 percent of the actual PP 16 costs. **Year-end estimates should be submitted for employees not on the payroll in pay period 16.**

### **1. Accounting Entered on T&A Form AD-321, PC-TARE Screen, or System for Time and Attendance Reporting (STAR).**

- a. Timekeepers who normally enter the full accounting classification code on each T&A must prepare a single T&A for PP 19 to distribute the time and pay status to the correct fiscal year by using the appropriate accounting data.
- b. Due to the fiscal year-end distribution of payroll accounting between FY 2002 and FY 2003 in PP 19, Code 1 (to store accounting) cannot be used in the accounting Data Usage Code block in PP 19. Payroll accounting can be stored beginning PP 20 for the new fiscal year.

### **2. Stored Accounting Concept**

NFC will convert stored accounting for PP 20 by changing the first digit of the appropriation code of all stored accounting classification codes from "2" to "3." The following procedures should be followed during PP 20. Employees using stored accounting should follow the procedures in Item a. Employees for whom the stored accounting is to be changed for FY 2003 should follow the procedures described in Item b.

- a. Use Stored Accounting – To use stored accounting data for PP 20, prepare a single T&A with a "2" in the accounting data usage block. The FY 2003 code charged will be the FY 2002 code with the first digit of the program code changed from "2" to "3."
- b. Override the Stored Accounting – To override the stored accounting used for PP 20, prepare a single T&A distributing time and pay status to the appropriate accounting classification. To use the stored accounting for FY 2003, insert the appropriate coding on each T&A for PP 21.

Please call your administrative budget liaison in the Budget Division (see attachment) if you have any questions regarding these procedures or any other part of this request.

*(Signed by Sherie Hinton Henry)*

SHERIE HINTON HENRY  
Deputy Administrator  
for Operations and Management

Sent by Electronic Mail on 08/27/02 at 8:55 a.m. by BD.

Attachment

**CONTACT LIST**  
**BUDGET DIVISION/ADMINISTRATIVE PROGRAMS BRANCH**

**Rural Utilities Service – Headquarters**

Della Tomes  
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**Rural Business-Cooperative Service – Headquarters**

(Includes Policy and Planning, the National Sheep Industry Improvement Center, and the Office of Community Development)  
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**O&M**

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**Chief Information Officer/Information Technology:**

Linda Solomon

BUDGET DIVISION FAX 202-692-0126 **OR** 202-692-0300



August 27, 2002

SUBJECT: Intermediary Relending Program  
Fourth Quarter Funding

TO: State Directors, Rural Development

ATTN: Business Programs Directors

The fiscal year (FY) 2002 fourth quarter funding selections for the Intermediary Relending Program (IRP) non-earmarked funds are listed below for your information. The priority points for each project are inclusive of any Administrator points that were awarded. The selections are as follows:

State	Project Name	Amount	Priority Points
CO	Region 9 Ec. Dev. Dist. of Southwest	\$250,000.00	185
WA	The Lending Network	\$750,000.00	181
SD	Deadwood Ec. Dev. Corporation	\$500,000.00	175
NM	Enchantment Land Cert. Dev. Company	\$491,971.76	166
<b>Total</b>		<b>\$1,991,971.76</b>	

Please provide appropriate notification to all applicants that did not receive an allocation. Applications that have been considered for an allocation of funds in four quarterly funding cycles will receive no further consideration, in accordance with RD Instruction 4274-D, section 4274.344(b). Applications that have been considered in less than four quarterly funding cycles will be considered again next fiscal year. You are reminded that this is the final round of funding for the IRP unrestricted reserve. There are no funds remaining.

*(Signed by William F. Hagy III)*

WILLIAM F. HAGY III  
Deputy Administrator  
Business Programs

EXPIRATION DATE:  
September 30, 2002

FILING INSTRUCTIONS:  
Community/Business Programs

August 27, 2002

SUBJECT: Interest Rate Changes for Housing Programs  
and Credit Sales (Nonprogram)

TO: Rural Development State Directors,  
Rural Development Managers,  
and Community Development Managers

ATTN: Rural Housing, Program Director

The following interest rate, effective September 1, 2002, is changed as follows:

<u>Loan Type</u>	<u>Existing Rate</u>	<u>New Rate</u>
ALL LOAN TYPES		
Treasury Judgement Rate	2.100%	1.880%

The Department of Treasury, working with Congress has eliminated the auction of the 52-week bill. The Treasury Judgement rate therefore is no longer based on this auction. The Treasury Judgement rate is now based on the weekly average 1-year Constant Maturity Treasury (CMT) yield. The rate is published by the Federal Reserve System, Board of Governors. The current rate shown above is as of the week ending 7/26/02. The actual judgement rate that will be used will be the rate for the calendar week preceding the date the defendant becomes liable for interest.

EXPIRATION DATE:  
September 30, 2002

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This rate may be found by going to the Federal Reserve web site for the weekly average 1-year CMT yield ([www.federalreserve.gov/releases/h15/data/wf/tcm1y.txt](http://www.federalreserve.gov/releases/h15/data/wf/tcm1y.txt)).

Please notify appropriate personnel of this interest rate information.

*(Signed by Arthur A. Garcia)*

ARTHUR A. GARCIA  
Administrator  
Rural Housing Service

Sent by Electronic Mail on 08/27/02 at 1:52 p.m. by PAD.